

CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

National Dairy Products Corporation

NEW YORK

ANNUAL REPORT

1930

BOARDS

9334.161
N1892

MRB
CORP. FILE

National Dairy Products Corporation

120 BROADWAY

NEW YORK

DIRECTORS

HENRY N. BRAWNER, JR.
HENRY W. BREYER
FREDERICK J. BRIDGES
N. J. DESSERT
ALFRED A. DUBAN
D. C. ELDREDGE
ROBERT J. FLICK
JOSEPH GILFILLAN
B. S. HALSEY
V. F. HOVEY

A. P. HUNT
JOS. L. JONES
J. L. KRAFT
HAROLD M. LEHMAN
WILLIAM F. LUICK
H. A. McDONALD
THOS. H. MCINNERNEY
JOSEPH POTTS
E. J. MATHER
GEORGE F. RAND

JEROME H. REMICK
EDWARD E. RIECK
WILBUR S. SCOTT
A. A. STICKLER
C. HENDERSON SUPPLEE
HORACE S. TUTHILL
L. A. VAN BOMEL
SIDNEY J. WEINBERG
FRANK A. WILLS
HENRY N. WOOLMAN

EXECUTIVE COMMITTEE

THOS. H. MCINNERNEY

V. F. HOVEY

WILBUR S. SCOTT

C. HENDERSON SUPPLEE

L. A. VAN BOMEL

OFFICERS

President

Vice-President

Vice-President

Vice-President

Vice-President

Vice-President

Secretary

Treasurer

Comptroller

Asst. Treas & Asst. Sec'y

Sales Manager

THOS. H. MCINNERNEY

ALFRED A. DUBAN

WILBUR S. SCOTT

C. HENDERSON SUPPLEE

L. A. VAN BOMEL

FRANK A. WILLS

FREDERICK J. BRIDGES

A. A. STICKLER

THOS. K. CARNES

FORD HIBBARD

E. J. FINNERAN

TRANSFER AGENT

BANKERS TRUST COMPANY
New York, N. Y.

REGISTRAR

THE CHASE NATIONAL BANK
New York, N. Y.

Counsel

Auditors

EXECUTIVE OFFICES

SULLIVAN & CROMWELL

PRICE, WATERHOUSE & Co.

120 Broadway, New York, N. Y.

National Dairy Products Corporation

NEW YORK, N. Y., March 9, 1931.

TO THE STOCKHOLDERS:

There is submitted herewith the annual report of National Dairy Products Corporation for the year ending December 31, 1930 containing a consolidated balance sheet, combined statement of profit and loss and consolidated statement of surplus of the corporation and subsidiaries, certified by Messrs. Price, Waterhouse & Co.

Including operations for the entire year of companies acquired during the year and the companies held under firm contracts at December 31, 1930 and since acquired, net sales for the year (excluding inter-company sales) amounted to \$374,558,411.62 as compared with \$300,021,483.05 for the previous year,—an increase of \$74,536,928.57. A comparison of sales for the same companies for both periods shows a decrease of approximately 10% in the dollar value of our sales, but this decrease is due largely to the lower selling price of our commodities and only in a lesser degree to actual decrease in volume of sales.

On the same basis combined net profits for the year 1930, after giving effect to the interest on funded and floating debt and dividends on preferred stock outstanding at the end of the year, amounted to \$25,470,942.48. This is equivalent to \$4.10 per share on 6,202,177 shares of common stock outstanding at the end of the year. Combined net profits for 1929 similarly computed were \$20,758,898.47 equivalent to \$4.04 per share on 5,135,645 shares of common stock outstanding on December 31, 1929.

Following the corporation's established policy of maintaining at all times its properties in excellent physical condition and of providing liberally for renewals and replacements of plant facilities, the charges during the year in respect of repairs, maintenance and depreciation aggregated \$20,971,041.

The attached balance sheet shows our strong financial position on December 31, 1930 with cash of \$19,886,012 and total current assets of \$68,152,624 reflecting a current position ratio of 3.22 to 1. The doubling of our inventories during the current year was caused by the acquisition of Kraft-Phenix Cheese Corporation which must carry large stocks of cheese for the purpose of properly aging the product. Net working capital amounted to \$47,007,827 as compared with \$34,211,668 on December 31, 1929, after expending \$28,494,289 for the redemption of bonds,

mortgages, preferred stocks and debentures of the corporation or its subsidiaries, for cash considerations for companies acquired and for property and plant extensions (in addition to repairs, maintenance and depreciation above referred to).

During the current year the corporation entered the retail milk business in Baltimore, Rochester and Kansas City and as a result of the acquisition of Kraft-Phenix Cheese Corporation we have further diversified and extended our operations throughout the world, with plants located in Canada, Europe and Australia.

On November 13, 1930 the Board of Directors increased the cash dividend on common stock to 65 cents per share quarterly from 50 cents per share and discontinued the quarterly 1% stock dividend which had been in effect since the beginning of 1929.

A remarkable growth is again shown in our list of stockholders, now numbering 45,500, and we are pleased to observe that a large number of our 36,000 employees are stockholders in the corporation.

The Board of Directors takes this opportunity to thank its employees and executives for their extraordinary efforts, hard work and fine spirit of co-operation which alone is responsible for the excellent results for the year of 1930.

By Order of the Board of Directors

THOMAS H. McINNERNEY
President

National Dairy Pro

AND SUBSIDIA

CONSOLIDATED BALANCE SHEET

(Giving effect as of that date to
under firm contracts at Decem

Assets	
Current and Working Assets:	
Cash in banks and on hand.....	\$ 19,886,012.16
Marketable securities at cost, below quoted market values.....	723,836.62
Notes receivable.....	\$ 3,517,171.42
Accounts receivable.....	20,778,993.37
	<u>\$24,296,164.79</u>
Less—Reserve for doubtful notes and accounts	1,879,786.18
	<u>22,416,378.61</u>
Inventories at cost or market, whichever is lower.....	19,748,750.82
Miscellaneous supplies and repair parts.....	3,331,632.98
Receivable from employees (\$1,354,272.87 secured by col- lateral)	1,760,898.24
Cash surrender value of life insurance.....	285,115.25
	<u>\$ 68,152,624.68</u>
Investments and Advances:	
Company's common stock purchased for resale to employees —53,665 shares at cost.....	\$ 2,797,591.98
Investments in controlled companies and miscellaneous secu- rities	12,937,146.30
Advances	746,181.12
	<u>16,480,919.40</u>
Capital Assets:	
Land, buildings, machinery and equipment on basis of cost or sound values as appraised with additions at cost.....	\$169,859,520.16
Less—Reserve for depreciation.....	45,128,024.57
	<u>124,731,495.59</u>
Deferred Charges:	
Prepaid taxes, insurance, interest, etc.....	\$ 1,082,908.63
Sundry expenses.....	282,091.74
	<u>1,365,000.37</u>
Goodwill Purchased.....	22,391,853.64
	<u>\$233,121,893.68</u>

TO THE STOCKHOLDERS OF
NATIONAL DAIRY PRODUCTS CORPORATION.

We have made an examination of the books and accounts for the year ending December 31, 1930 of National Dairy Products Corporation, in our opinion, the above consolidated balance sheet as at December 31, 1930 and the relative statements of profit and loss and surplus of the subsidiary companies as at December 31, 1930 and the results of the operations for the year, giving effect as of December 31, 1930.

56 Pine Street,
New York,
March 9, 1931

Products Corporation

RY COMPANIES

DECEMBER 31, 1930

the acquisition of companies held
er 31, 1930 and since acquired)

Liabilities	
Current Liabilities:	
Notes payable.....	\$ 174,463.94
Accounts payable including sundry accruals.....	17,320,235.09
Dividends payable and accrued.....	109,802.11
Provision for Federal income tax.....	3,540,296.38
Preferred Stock of Subsidiary Company, redeemed February 2, 1931	\$ 21,144,797.52
	3,509,200.00
Reserves for Contingencies.....	647,589.21
Funded and Mortgage Debt:	
National Dairy Products Corporation:	
5¼% gold debentures due 1948:	
Issued	\$82,040,500.00
Less—Purchased and retired.....	2,660,000.00
Subsidiary companies:	
First mortgage 6% bonds.....	511,100.00
Real estate mortgages.....	62,655.40
Secured serial notes.....	196,784.52
Minority Stockholders' Interest in Capital and Surplus of Subsidiary Companies:	80,151,039.92
Preferred stocks.....	\$ 893,722.00
Common stocks.....	446,354.68
Capital and Initial Surplus:	1,340,076.68
Preferred stock Class A 7% cumulative:	
Authorized—69,244 shares of \$100 each	
Issued less retired—62,284 shares.....	\$ 6,228,400.00
Preferred stock Class B 7% cumulative:	
Authorized—50,000 shares of \$100 each	
Issued less retired—49,628 shares.....	4,962,800.00
Common stock and initial surplus:	
Common stock:	
Authorized—10,000,000 shares without par value	
Issued—6,255,842.148 shares at stated value.....	51,273,127.18
Initial surplus.....	26,495,640.76
Earned Surplus, per statement attached.....	88,959,967.94
	37,369,222.41
	<u>\$233,121,893.68</u>

cts Corporation and subsidiary companies and of the companies acquired since the beginning of that year and we certify that, in our us have been correctly prepared from the books and fairly state the financial position of National Dairy Products Corporation and 30 to the acquisition of companies held under firm contracts at that date and since acquired.

PRICE, WATERHOUSE & Co.

National Dairy Products Corporation

AND SUBSIDIARY COMPANIES

COMBINED STATEMENT OF PROFIT AND LOSS

For the Year Ending December 31, 1930

(Including the results of the operations for the entire year of companies acquired during the year and of companies held under firm contracts at December 31, 1930 and since acquired)

Net sales (excluding inter-company sales).....	\$374,558,411.62
--	------------------

Deduct:

Cost of sales, delivery, selling, administrative and general expenses	\$322,732,556.14
Repairs and maintenance.....	10,910,619.02
Depreciation	10,060,422.84
	343,703,598.00

Other income	\$ 30,854,813.62
	3,252,080.81
	\$ 34,106,894.43

Deduct:

Interest paid and accrued other than on funded debt of National Dairy Products Corporation.....	\$ 373,903.85
Provision for Federal income tax.....	3,358,775.92
	3,732,679.77

Combined profits before all dividends and interest on funded debt of National Dairy Products Corporation	\$ 30,374,214.66

NOTE:

Combined profits before all dividends and interest on funded debt of National Dairy Products Corporation.....	\$30,374,214.66
Interest paid on funded and floating debt of subsidiary companies retired in 1930 from proceeds of sale of stock in 1929.....	180,638.07
	\$30,554,852.73

Deduct:

Interest requirement for full year on National Dairy Products Corporation 5¼% debentures.....	4,167,476.25
Dividend requirements for full year on preferred stocks:	
National Dairy Products Corporation.....	\$783,384.00
Subsidiary companies minority interest.....	133,050.00
	916,434.00

Balance, equivalent to \$4.10 per share on 6,202,177.148 shares of common stock of National Dairy Products Corporation outstanding in hands of the public.....	\$25,470,942.48

National Dairy Products Corporation

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND SURPLUS

For the Year Ending December 31, 1930

Combined profits for the year ending December 31, 1930, before all dividends and interest on funded debt of National Dairy Products Corporation, as per statement of profit and loss.....	\$30,374,214.66	
Less—Profits included above, of companies prior to date of acquisition	2,826,116.85	
		\$27,548,097.81
<i>Deduct:</i>		
Dividends paid and accrued on preferred stocks of subsidiary companies held by the public.....	\$ 8,700.00	
Interest paid and accrued on funded debt of National Dairy Products Corporation.....	3,608,205.34	
		3,616,905.34
Balance applicable to preferred and common stocks of National Dairy Products Corporation.....		\$23,931,192.47
<i>Deduct—Dividends paid on stocks of National Dairy Products Corporation:</i>		
In cash—preferred.....	\$ 799,645.79	
common	12,486,016.50	\$13,285,662.29
In stock—common.....	3,010,156.58	
		16,295,818.87
Surplus for year ending December 31, 1930.....		\$ 7,635,373.60
Add—Earned surplus at December 31, 1929.....		29,733,848.81
Earned surplus at December 31, 1930, per balance sheet.....		\$37,369,222.41

